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Title II Working Group

April 21, 1952

Admiral Dupre, Mutual Defense Assistance Control ED/SG OM-4/1

Revision of OM-2 and OM-4 on Commodity Composition of Title II and
COCOM II/II Quota Recommendations

The Steering Committee has reviewed fully the oral and written recommendations and comment of the Title II Working Group on OM-2 and OM-4. As a result of its review, the Steering Group has recommended a modified approach to these two problems.

In making its recommendations to me on this matter, the Steering Group indicated its desire to have the Title II Working Group exercise primarily a coordinating and policy-making function. Detailed or technical operations would be undertaken partly in existing organizations and partly in related sub-groups to be organized on a geographical basis.

Accordingly, as shown in the attached memorandum to the Commerce member of the Technical Staff Committee, I am requesting that the Technical Task Groups of OIT undertake to advise the Administrator with respect to commodities which currently present a security problem to the U. S. in parallel action efforts and for relevant technical and industrial advice which is essential in determining what action may be necessary under the Economic Defense Program. The latter are to be based primarily on the strategic value of the commodities in given quantities to the Soviet Bloc. They should, however, exclude consideration of the value of goods received from the Soviet Bloc in return as well as political and negotiating factors. It is anticipated that the reports from the Department of Commerce will begin to flow shortly after the receipt of this assignment. It is my intent upon the receipt of such advice from the Department of Commerce to resolve any existing difference and then to forward these reports to the Title II Working Group as soon thereafter as possible.

Upon receipt of these reports the Title II Working Group should immediately undertake a review with the following specific objectives in mind:

1. To establish the levels which would serve as negotiating goals, taking into account the quid pro quo, political and negotiating considerations, and to set out the considerations on which these conclusions are based.
2. To establish the general timing and approach to be employed on the various commodities with the several countries or groups of countries.

In carrying out objective 1 above it would appear appropriate for the Title II Working Group to establish several interagency task groups on a geographical area basis to assist it in making findings as to the quid pro quo, political and relevant negotiating factors.

Mr. Marx

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Commerce Member, Technical Staff Committee

Admiral Dupre, Mutual Defense Assistance Control

Request for Advice on Commodity Controls under Title II and Title III of Public Law 213

As you recall from the initial discussions which led to the development of the current Battle Act Lists, it was our hope to look to the Department of Commerce for certain advice on commodities (other than Munitions and AEC) which have sufficient strategic importance to require attention under the Legislation. We are now at the point of seeking to determine the scope and character of commodity action which should be taken under Title II of the Act. I request therefore the Department of Commerce, through the OIT Technical Task Groups, to undertake at an early date the task along the lines set forth below. Such a review by those groups would be appropriate because of their experience and competence in dealing with these problems.

It is my hope and expectation that the conclusions arrived at will be acceptable to all agencies participating. Should major differences of view which cannot be reconciled develop on any particular issue, the conclusions should be forwarded to me together with a statement of the problem for resolution by the Administrator.

The objectives of the study should be:

- a) To identify the commodities moving in friendly trade to the Soviet Bloc which are of sufficient importance to Soviet war potential as to represent an economic defense program.
- b) To identify the particular countries or groups of countries whose trade with the Bloc in such commodities is of sufficient dimensions to warrant attention.
- c) To state the total amount of exports with respect to each such commodity which, if exceeded, would constitute a security problem for the United States. Where industrial or technical considerations suggest the desirability of any particular country breakdown, the breakdown should be indicated together with an account of the factors involved in achieving the breakdown. Conclusions reached pursuant to this paragraph should be made without regard to quid pro quo, political or negotiating considerations.

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This study should be based on the U. S. Security Lists IA, II, IIB and IC. For each of these items there should be a review and analysis of available data on trade with the Soviet Bloc and related evidence by country or group of countries, and also a summation of the strategic importance of the item to the Soviet Bloc. It is recognized, of course, that in many instances the data necessarily will be incomplete, but it is important that we proceed on the basis of the information that can be assembled in a reasonably short time. Where conclusions cannot be reached due to paucity of information or are conditioned by lack of full information, it is expected that the Department of Commerce will continue to pursue these matters and transmit reports periodically.

Although the entire project should be organized in a manner which will assure its earliest successful completion the following order of priority might be given consideration in planning the operation:

- (1) Exports from friendly countries (other than COCOM countries) of the US List IA and List II items and U. S. List I items not now on Title I List.
- (2) Exports from friendly countries of new U. S. List IA items and U. S. List IIB items which have not been presented for discussion at COCOM.
- (3) Exports from friendly countries of U. S. List IIB items now appearing on International List III.
- (4) Exports from friendly countries of U. S. List IIB items which have been discussed in COCOM but which do not now appear on any International List.
- (5) In this connection, the discussions in COCOM should be reviewed to determine whether since those discussions additional data has become available which would be relevant in connection with a fresh approach to that group.
- (6) Exports from friendly countries of U. S. List IC items.

I suggest also that the Department of Commerce forward its reports to the Administrator as each of the several segments of the problem are completed. This would enable us to begin to take appropriate further action.

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